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NAZI WAR CRIMES DISCLOSURE ACT
DATE 2003 2008

12 January 1965

MEMORANDUM FOR THE RECORD

SUBJECT: Further Developments in RAUS-HEINE Case

1. On 21 December 1964, [] and I met with RAUS at the Capri Cafe. Undersigned was introduced as [], a colleague of []. RAUS was given to understand that I would be his primary contact in the future for matters pertaining to the slander suit filed by HEINE. At the same time it was made clear that [] was still available and would be of help to me on this case. (See [] memorandum dated 29 December for further details.)
2. On 21 December 1964, after the meeting with RAUS, I met with [] of Office of General Counsel. Earlier that day he had discussed the case on a sterile basis with Attorneys [] and [] and they had agreed to accept the case within the framework of certain injunctions laid down by [] pertaining particularly to the impossibility of adducing evidence or of CIA appearing in court. They desired to see RAUS and then to have a session with the operations officers concerned with the case who might best be able to brief them on the background. [] explained to me that he had discussed with the lawyers a possible conflict of interest between RAUS as the defendant and the Agency, and it was completely agreed that although acting in his behalf, the lawyers would take no steps against the Agency without full and complete prior coordination with [].
3. Later that night [] again saw RAUS for the purpose of advising him re the two attorneys. (This meeting is reported in detail in [] memorandum of 29 December.)
4. On 23 December [] called to inform me that the lawyers had had their first meeting with RAUS and desired a briefing from us on 30 December.
5. On 28 December RAUS called me on the sterile phone requesting copies of two reports which he had earlier furnished us and of which he had failed to keep copies. I met him on 29 December at Bassin's Restaurant, Pennsylvania Avenue near 14th Street to pass him this material. He appeared to be very pleased with the competency of the lawyers whom he had met the previous week, and his earlier fears that the Agency might "leave him holding the bag" appeared to be dispelled. RAUS stated that he had felt it necessary to explain to his boss the need for absenting himself from the office for the purpose of meetings with the lawyers. This is not his direct supervisor but a person two or three echelons above, Retired Brigadier General Carl C. Saul, Deputy Director for Research, Office of Research & Development, Bureau of Public Roads, Matomic Building. When RAUS spoke to him General Saul stated something like this: "I remember a year or two ago being briefed by the security officer on a matter relating to administrative leave for you in connection with para-military training in the interest of CIA". (The record shows that T-ov

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SECRET

- 2 -

[] in his then capacity as CI/LSN had briefed Mr. Phillips, Bureau of Public Roads Security Officer, on an FYI basis. From the General's remark, it may be assumed that the Security Officer revealed to him that RAUS's administrative leave was in fact requested by CIA, thus possibly blowing the AEDEPOT cover to the General and to RAUS.) The General appeared concerned only that RAUS might be in some trouble with the U.S. Government, and RAUS assured him this was not the case. However, RAUS asked me whether at an appropriate moment we could arrange to brief the General ourselves as to the general background of this case so as to preclude any trouble from this source.

6. On 30 December, [] [] and I met with the two attorneys in their offices (firm of [] []). This was a four hour session during which the case was gone over in great detail, and the various possibilities open to us were thoroughly discussed and weighed. In addition we supplied the attorneys with sterile background material on HEINE, RAUS and the League for Estonian Liberation. (See [] Memorandum for Record which incorrectly dates this meeting as 29 December.) [] [] pointed out the various grounds on which the defense might be based and certain dangers involved in them. He wanted at that time a firm decision from the Agency as to whether and how he should proceed, and it became clear that we needed approval from higher authority before authorizing him to embark on any course of action which had within it the possibility of potential embarrassment to the Agency, and we therefore asked him to hold up for 24 hours until we had a chance to consult appropriate levels in the Agency. Upon returning to the office I met with [] [] and briefed him on this meeting and then [] [] and I together further discussed it with [] []. He later gave a preliminary run-down to [] [] and the latter requested a full briefing the following day.

7. On 31 December, [] [] and I met with ADDP in his office, showed him the memorandum for DDP dated 21 December containing a condensed write-up on the case and discussed it in detail. He made two points: (a) the case officer had been ill-advised to give RAUS information which would cause him to put himself in a position where he could be sued; and (b) the Division had been remiss in not bringing the case to his attention earlier. I explained that from my reading of the files it was clear that the case did not look to have serious flap potential in the earlier stages, since it appeared unlikely that HEINE would follow through on his threat to sue RAUS. [] [] stated that he understood this but nevertheless strongly felt that he should have been advised in January 1964 when HEINE first threatened RAUS with a letter from his Canadian attorney, and when SR Division first discussed the case with the Office of General Counsel. [] [] asked us to re-group in order to brief Helms early that afternoon.

8. We briefed Mr. Helms at 1430 hours, [] [] not being present, having been detained on other business. After reading the memorandum and listening to the legal position as explained by [] [] Helms stated his belief that our only course was to let the lawyers go ahead with the defense. He was not disposed to press for settlement at this stage of the proceedings primarily because he believed that it was not in our interest to settle out of court this and similar suits against the Agency, on the theory that the word would get around that CIA could readily be touched for a few thousand dollars

SECRET

- 3 -

in cases of this kind. As to the danger that RAUS might state on the witness stand that he had received the derogatory material on HEINE from CIA, Helms felt that if necessary we could live with that, our position being that we are merely performing our duty in protecting the security interests of the United States from a suspect Soviet agent. [] is preparing a memo summarizing the conversations with ADDP and DDP.)

9. After this meeting [] called [] and coordinated with him the language of the defense papers to be served on 4 January 1965. (Copy in file.) Simultaneously with filing of this paper the lawyers will invite HEINE to Washington in order to take his deposition on the case in early February.

10. On 4 January 1965 RAUS called on the sterile phone. He stated that he had been in Baltimore over New Year's to visit with his wife's sister and while there had met briefly with []. The major interesting point which came up was [] statement that HEINE's lawyers had in their possession copies of RAUS' letters to the FBI. RAUS asked me whether I knew how the lawyers might have gotten their hands on these letters, and I told him I did not. RAUS stated that [] himself had mentioned in earlier talks that he had a personal friend who used to work for the FBI and RAUS wondered whether this might have been the medium for the lawyer to obtain the letters. I asked him to write up a brief report on this conversation and pass it to me during our next meeting.

11. On 5 January 1965, RAUS called to give the dates when HEINE had showed his film in the United States. This was at the request of [] who was going to discuss the tax angle with the IRS.

12. Between 6 and 8 January the case was discussed with [] (WE/BC/C) and a dispatch was drafted for []. This was followed by a cable suggesting the advisability of setting up coverage on HEINE during this period on the possibility that he might establish contact with his RIS case officers. Additionally a memorandum was drafted for the Bureau advising them in very general terms concerning the forthcoming suit.

[]
Chief, SR/O/AC

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